United States General Accounting Office

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Fact Sheet for the Honorable Lawton Chiles, Chairman, Committee on Budget, United States Senate

March 1987

ADP WORKSTATIONS:

SSA's Fiscal Year 1988 Furniture Request

GAO/IMTEC-87-14FS

GAO

United States
General Accounting Office
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Information Management and
Technology Division

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March 6, 1987

The Honorable Lawton Chiles
Chairman, Committee on Budget
United States Senate

Dear Mr. Chairman:

On February 20, 1987, you asked that we analyze the Health and Human Services, Office of Inspector General (OIG), report[1] on the Social Security Administration's (SSA) Furniture Pilot Program and inform you whether SSA's characterization of the report's conclusions in the agency's fiscal year 1988 Justification of Appropriations was accurate. In its justification, SSA stated:

> "In response to GAO's report on "ADP Workstations" [SSA's $64-Million Acquisition for Fiscal Year 1987 Should Be Reconsidered (GAO/IMTEC-86-34), September 16, 1986], SSA requested that the Department's Office of Inspector General (OIG) perform an independent review of SSA's furniture pilot program. OIG's report concludes that SSA's furniture procurement plans are necessary, appropriate, reasonable and consistent with all Federal Regulations."

In its fiscal year 1988 request, SSA is asking that about $30 million of $64.5 million originally requested in fiscal year 1987 for furniture and related expenses be made available for fiscal year 1988 furniture purchases and that the remainder be made available for regular administrative expenses.

In our report we concluded that while a need exists to procure certain furniture items to accommodate new automatic data processing (ADP) equipment, such as terminals and printers, that need had not been adequately identified and coordinated with the modernization effort. We recommended that SSA limit future contractual commitments of fiscal year 1987 funds for ADP and other furniture until the agency thoroughly justifies the need for new furniture in accordance with federal regulations, and thoroughly re-examines the appropriateness of all activities associated with the furniture pilot.

[1]OIG Audit Report - Review of SSA's Furniture Pilot Program - ACN 13-72672, October 30, 1986.

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The OIG did conclude that the costs for the SSA pilot program -- a test conducted in 11 district offices -- were generally reasonable and the furniture procured was appropriate. However, the OIG also identified several problems with SSA's furniture plans. Specifically, the OIG did not find the need for new furniture to be universal and believed that where possible, less costly alternatives should be explored. The OIG also stated that some changes in SSA's policies and procedures would "enhance efforts and could result in some cost savings." Further, the OIG recommended a number of specific actions that should be taken by SSA to adequately determine the agency's furniture needs, including the following:

> "Evaluate the current condition of each office and develop a schedule/timetable for renovating offices which gives consideration to:
>
> -- the current condition of furniture and fixtures;
> -- current space utilization rates in relation to the Administration's goals to reduce space;
> -- employee/client needs; and
> -- scheduled delivery of ADP equipment."

SSA's statement in the Justification of Appropriations did not include the complete OIG findings on this and other related recommendations. The appendix to this letter contains additional excerpts from the OIG report, which illustrate the OIG's concerns about SSA's furniture procurement plans.

Unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from its issue date. At that time, we will send copies of this report to the appropriate House and Senate Committees; the Secretary of Health and Human Services; the SSA Commissioner; the Administrator of General Services; the Director, Office of Management and Budget; and other interested parties upon request.

Sincerely yours,

Melroy D. Quasney
Associate Director

EXERPTS FROM THE OIG REPORT ON SSA's PLANNED FURNITURE PROCUREMENT

OIG REPORT FINDINGS

1. SSA Decision To Replace Furniture

- "While conditions we found during our visits to 48 field offices would tend to support SSA's plans and actions, we did not find the need for new furniture to be universal and believe that, where possible, less-costly alternatives should be explored." The report also notes that of the 48 offices visited by the OIG:

  "... 17 percent were found to have made fairly recent furniture procurements. For example, the Harrisburg, PA, District Office had replaced all desks within the past several years and front-end interview areas were being established which will provide privacy to clients. The office was quiet and businesslike and is well within space standards [135 square feet], with a utilization rate of 96 square feet per workstation. The office did not appear cluttered or over crowded. It would seem, therefore, that modification to this office, to accommodate ADP equipment scheduled to be received, could be accomplished for significantly less costs than the $252,000 ($4,000 x 63 workstations) estimated to renovate the entire office. One possible alternative would be to modify the current desks to accommodate the ADP equipment." (Page 3)

  "Another 35 percent had furniture that was old and mismatched but in fairly good condition. Most offices had a private interview room to handle special needs, but general client interview areas provided little in the way of privacy to the client. . . .These conditions support the need to upgrade the work environment, but showed that there were different levels of need depending on the conditions in each office." (Page 3)

2. Space Utilization

One of the primary reasons cited by SSA for the furniture procurement was to achieve space savings as part of the Administration's Real Property Management Initiative. The OIG report raised several concerns that should be addressed to determine SSA's progress in meeting space utilization goals.

- "Until agreement is reached with GSA regarding the calculation of office utilization rates (OUR), SSA's statistics regarding compliance with the goal of 135 square feet per person may be unreliable." (Page 4)

- "SSA submitted recommended supplemental space factors in January 1986 but has not yet been notified by GSA of acceptance or rejection. However, SSA has proceeded to use supplemental space factors in preparing and implementing its space management plan. For example, the Towson, Maryland District Office showed an SSA-OUR of 59 square feet with the supplemental factors and an OUR of 114 square feet without. While the 114 is still within the 135 goal, this was not the case for many other offices. Allentown, Pennsylvania, for example, increases from 132 square feet using supplemental factors to 163 without. Approval or disapproval of the supplemental factors is therefore critical in determining SSA's progress in meeting space utilization goals." (Page 5)

3. Furniture Procurements

- "All procurements appeared to be made in accordance with applicable rules and regulations. . . . While the average workstation cost was between $3,600 and $4,000, it included costs beyond the basic furniture in a workstation. For example:

  -- Reception area chairs, counters and stools
  -- Side chairs and privacy panels for client interview workstations
  -- Panels to provide work area privacy and electrical connections
  -- Moving, storage, and installation of furniture and panels
  -- Miscellaneous items such as coat racks, furniture for multipurpose rooms and mail tables." (Page 5)

- "The total cost of renovating the office was divided by the number of workstations to arrive at an average cost per workstation. SSA officials believe the average cost will be much lower when procurements are competitive, i.e., when the pilot program ends and procurement goes national. We believe the method used to determine average workstation costs results in an inaccurate picture of the true cost of an individual workstation. If the costs were computed for only the furniture and equipment of a workstation and other renovation costs were shown separately, it would facilitate estimating costs of partial renovations or other alternatives to the total renovation of an office." (Pages 5 and 6)

4. Budget Justification

- "The FY 1987 budget submission included a line item totaling $64.5 million for 'Ergonomic furniture costs associated with implementing the Claims Modernization Project.' The title of the budget item was somewhat misleading in that it related the $64.5 million to furniture for the CMP which could have been interpreted to mean only 'ADP Workstations.' In fact, CMP is only one of the reasons for exploring, through the pilot program, the use of ergonomic and modular furniture." (Pages 6 and 7)

- "Support for this budget figure was limited to a worksheet showing the number of workstations to be procured by the type of office times the average costs of workstations in the pilot program. . . . No details were available to show whether this amount included further pilots, or which offices are slated to get new furniture or the planned dates of procurement. Since no procurement action was planned until the results of the pilot projects were analyzed and specifications could be prepared, it now appears unlikely that this number of workstations could be procured in FY 1987 had funding been approved." (Page 8)

<u>OIG REPORT CONCLUSIONS</u>

- "We generally agreed with SSA's efforts to upgrade furniture to meet standards drafted as a result of studies done by CERL [Army Corps of Engineers' Construction Engineering Research Laboratory]. These efforts, which are in accord with GSA's current initiative to upgrade the Federal work environment, should result in offices which will (i) contribute to meeting the Administration's goals of improving space utilization, (ii) accommodate the terminals being

installed as part of the Claims Modernization Process [sic] (CMP), (iii) improve the level of privacy for client interviews, and (iv) create a comfortable, yet business-like environment for SSA's employees and clients." (Page 2)

- "We found that the costs were generally reasonable and the furniture procured was appropriate for the pilot program. However, we believe some changes in SSA's policies and procedures will enhance efforts and could result in some cost savings." (Pages 2 and 3)

OIG REPORT RECOMMENDATIONS

- "Evaluate the current condition of each office and develop a schedule/timetable for renovating offices which gives consideration to:

  -- the current condition of furniture and fixtures;
  -- current space utilization rates in relation to the Administration's goals to reduce space;
  -- employee/client needs; and
  -- scheduled delivery of ADP equipment." (Page 3)

- "Explore alternatives to the complete renovation of those offices where most of the other goals, such as space utilization, have been met." (Page 4)

- "SSA should continue to work with GSA to identify updated space utilization standards applicable to SSA or to finalize definition of the supplemental space factors to be used in calculating the OUR [office utilization rates]." (Page 4)

- " As part of evaluating those offices with the greatest need for new furniture and equipment, SSA should identify and give priority to those offices with extreme utilization rates indicating overcrowding or excess space." (Page 5)

- "Workstation costs should be computed for each type of function, e.g., claims representative, front-end interview, etc. This will result in better workstation cost estimates and permit SSA to develop estimated cost alternatives for those offices not requiring total renovation at this time." (Page 6)

- "The postevaluation process needs to address all areas of the projects and whether the goals are being accomplished." (Page 6)

- "Target dates should be established for completion of the SSA Regional Office Planning and Guidance Document and for implementing various phases of the renovation and upgrade of 1,300+ field offices." (Page 6)

- "Future budget submissions should be more descriptive of the planned procurement." (Page 7)

- "SSA should develop plans to facilitate the preparation of the procurement request once the budget is approved." (Page 7)

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